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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

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CURRENT HOUSING MARKET SITUATION-JACKSON, MICHIGAN

as of November 1973

A Report by the DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT FEDERAL HOUSING ADMINISTRATION WASHINGTON, D.C. 20411 July 1974

The Current Housing Market Situation

Jackson, Michigan as of November 1973

Foreword

This current housing situation report has been prepared for the assistance and guidance of the Department of Housing and Urban Development in its operations. The factual information, findings, and conclusions may be useful also to builders, mortgagees, and other concerned with local housing problems and trends. The report does not purport to make determinations with respect to the acceptability of any particular mortgage insurance proposals that may be under consideration in the subject locality.

The factual framework for this analysis was developed by the Economic and Market Analysis Division of the Detroit office under the direction of John Terranella, Area Economist, on the basis of information available on the "as of" date from both local and national sources. Subsequent market developments may, of course, occasion modifications in the conclusions of this report.

The prospective demand estimates suggested in the report are based upon an evaluation of the factors available on the "as of" date. They should not be construed as forecasts of building activity, but rather as estimates of the prospective housing production which would maintain a reasonable balance in demand-supply relationships under conditions for the "as of" date.

The Current Housing Market Situation Jackson, Michigan As of November 1973

The Jackson Housing Market Area (HMA) is defined as Jackson County and includes the city of Jackson. Currently, the Jackson HMA has a population of 147,400 persons. Jackson is located halfway between the cities of Lansing and Ann Arbor, about 35 miles from each.

Population and household growth in the Jackson area in the next two years is expected to be at somewhat higher levels than in the recent past. As a result of this growth, an annual demand for 1,100 housing units -- single-family houses, apartments, and mobile homes -- is anticipated.

Economy of the Area

Retail trade, services, government, and the transportation industry are the leading employment sectors of the economy.

Wage and salary employment dropped by 1,800 jobs from 1969 to 1971, as a result of an automobile strike in 1970 which affected the nonelectrical machinery and transportation equipment industries. In 1972 and again in 1973, wage and salary employment rebounded with strong employment gains. Retail trade and the service industry had the most significant employment increases, as a result of the opening of several shopping facilities in the area.

For the first 10 months of 1973, wage and salary employment averaged 51,300 jobs, compared with 48,500 for the same period in 1972. The current slow-down of activity in the automobile industry will not have a significant effect upon the transportation equipment industry and other related employment in Jackson (relative to other metropolitan areas). However, it is expected that increases in retail trade and services employment will not continue at the same pace as in the past few years. During the 1973 to 1975 period, it it expected that an employment increase of 1,500 to 2,500 will occur in the Jackson SMSA. Detailed data on work force and employment are provided in Tables I and II.

In 1973, the median income of all families in the Jackson HMA was \$12,550 as compared with the median income of \$10,700 in 1969. The median income for renter households of two or more persons was \$8,200 in 1973, compared with \$7,000 in 1969. A detailed distribution of all family and renter households by income for 1973 and 1969 is in table III.

Demographic Factors

<u>Population</u>

The population of the Jackson HMA was 147,400 as of November 1973. Approximately 45,650 persons resided within the city of Jackson. The population of the HMA increased by approximately 4,130 persons from the 1970 Census to November 1973. Net natural increase (resident births minus resident deaths) accounted for ninety-five percent of the population gain and in-migration accounted for the remaining five percent.

During the 1960's, the population of the city of Jackson declined slightly. However, from 1970 to 1973, a slight increase occurred. There were population gains in the remainder of the county during the 1960's which continued (but at a slower rate) during the 1970 to 1973 period.

Population Changes Jackson, Michigan HMA April 1, 1960-November 1, 1975

	1960	-1970	197	0-1973	1973-1975		
	Annua 1	Average	Annua 1	Average	Annual	Average	
	Number	Percent	Number	Percent	< Number	Percent	
Population: HMA Jackson	1,130 -520	0.8 -1.0	1,150 50	0.8 0.1	1,350 150	0.9 0.3	
Remainder of county	1,650	1.9	1,100	1.1	1,200	1.2	

As shown above, a relatively rapid rate of population growth is anticipated for the city of Jackson during the next two years, in part because of an expected increase in the supply of housing in the form of a single-family subdivision and an 80-unit apartment project planned for the period. With an estimated increase of 1,350 persons per year during the 1973-1975 period, approximately 150,700 persons will reside in the Jackson HMA by November 1975.

Households

The addition of 3,250 households to the Jackson HMA since 1970 brought the total number of households to approximately 45,500 by November 1973. Gains were greatest in the suburban areas of Jackson County.

Household Changes Jackson, Michigan, HMA April 1, 1960-November 1, 1975

	1960)-1970	1970)-1973	1973	1975
	Annual	Average	Annual	Average	Annual	Average
	Number	Percent	Number	Percent	Number	Percent
Households HMA Jackson	<u>475</u> -125	1.2 8	<u>900</u> 60	2.1 0.4	1,050 135	2.2 0.8
Remainde of Cou	er nty 600	2.5	840	3.0	915	3.0

It is expected that the number of households in the Jackson HMA will increase by 1,050 annually during the next two years (as compared with 900 units annually between 1970 and 1973). At this rate, the total household figure will reach 47,600 by November 1975.

Housing Market Factors

The 1970 Census enumerated a total of 45,011 housing units in the Jackson HMA, including 33,361 owner-occupied units, 8,900 renter-occupied units and 2,750 vacant housing units. By November 1973, the housing inventory expanded by approximately 3,300 units to reach a total of 48,300. Contributing to this increase was the construction of 3,090 housing units and the addition of 650 mobile homes along with a loss of approximately 440 units through demolitions. The number of owner-occupied housing units increased by 2,490 since 1970, a 7.0 percent rise; and the number of renter-occupied units increased by 750, an 8.0 percent increase.

During the 1970-1973 period, the city of Jackson contributed only 7.0 percent of the total housing inventory increase, and the remainder of Jackson County, 93.0 percent.

Residential Building Activity

A moderately rapid rate of residential building activity occurred between January 1970 and November 1973. During this period, an average of 880 housing units were authorized each year (totaling 3,362 units for the entire period), compared with 710 units per year from 1965 to 1970.

New Residential Construction Jackson, Michigan, Housing Market Area January 1, 1970 - November 1, 1973

	Number	Annual Average
нмА	3,362	880
Owner Occupancy Conventional Single-Family Section 235 Housing	2,366 2,232 134	620 585 35
Renter Occupancy Conventional Renter Housing Section 236 HUD Housing Authorized Rent-Supplement Units Public Housing - Multifamily	996 660 193 16 127	260 170 50 5 35

In recent years, only a limited amount of land has been available for residential development in the city of Jackson. Most of the residential growth has occurred in areas outside the city where 84 percent of the total housing units were authorized. These areas represent 95 percent of the single-family structures and 58 percent of the multifamily units being built in the county.

Of the 3,362 residential housing units authorized for the Jackson HMA, approximately 465 units were still under construction as of November, 1973. This includes 265 single-family units and 200 units planned for renter occupancy.

Vacancy

Vacancy rates in the Jackson area have changed very little since the 1970 Census. As of November 1973, there were 2,800 units of vacant housing. Of that total, 255 were available for sale and 644 were available for rent, equal to homeowner and renter vacancy rates of 0.7 percent and 6.3 percent respectively. In 1970, the homeowner vacancy rate was 0.7 percent and the renter vacancy rate was 6.4 percent.

Sales Market

The market for new single-family homes has remained strong despite rising construction costs and interest rates as high as 9 1/2 - 10 percent. An average of 620 new single-family homes have been built each year since 1970.

In the first ten months of 1973, permits for 666 single-family structures were authorized. The total number of single-family homes built in 1973 is expected to be higher than that of any previous year.

The average new single-family home is priced at approximately \$27,000. Most of these are built on a contract basis.

Since 1970, most single-family homes have been built in the townships of Blackman, Columbia, Leoni, and Summit. The city of Jackson contributed only 5 percent of the single-family activity.

The market for used single-family homes is very strong. The rising costs of new homes has strengthened the market for existing homes. It is reported that listings are down slightly over the previous year, yet dollar volume is above that of last year, with the average price for a used single-family home at about \$23,000.

Rental Market

Since 1970, the number of apartment units in the Jackson HMA expanded significantly with the development of nearly 1,000 new apartments. The majority of these were built in the city of Jackson and in the townships of Blackman and Summit. Forty-two percent of these apartment units were established within the city of Jackson.

Most of the new apartment structures are garden type and townhouses and include such amenities as air-conditioning, dishwashers and disposals. Typical rents for the new apartment units are as follows:

Efficiency	\$160.00
One Bedroom	\$185.00
Two Bedroom	\$215.00
Three Bedroom	\$260.00

From 1970 to 1973, an average of 260 apartment units were built per year. The greatest activity in apartment construction occurred in 1972 when 426 units were authorized. It is expected that less than half of this number will be built during 1973.

Of the approximately 1,000 units developed in the 1970 to November 1973 period, 193 were Section 236 units, 16 were authorized rent supplement units and 127 were public housing units. Only 660 apartment units were conventional, non-subsidized, apartment construction.

Many of the older conventional apartments located in the Jackson HMA are in structures containing two to four units. Typical rents for these units range from \$110 to \$120 for a one bedroom apartment and \$120 to \$140 for a two bedroom unit. The majority of these units are located with in the city of Jackson.

The renter market for available apartment units in suitable condition is fairly tight.

Demand for Nonsubsidized Housing

Quantitative Demand

An annual demand for 1,100 new, nonsubsidized housing units is expected between November 1973 and November 1975. The major factors generating this demand are projected increases in households, demolition losses, shifts in tenure and the current level of new construction. Considering these factors, the most favorable absorption would result through the development of 700 single-family units, 250 multifamily rental units, and 150 mobile homes.

The projected annual demand for 700 single-family units is somewhat above the yearly average of 620 units produced in the 1970 to 1973 period. For the two-year period ending November 1975, average annual demand for both single and multifamily units will be slightly greater than in the previous three years.

The annual demand estimates in this report should not be construed as predictions of future construction activity. Rather, they are intended as an interpretation of those levels of construction which would be most likely to promote a stable housing market.

Qualitative Demand

Single-Family Houses

The annual demand for 700 new single-family homes is expected to approximate the sales price distribution indicated in the following table. The qualitative single-family estimates are based upon such factors as current family income, recent sales experience and units under construction.

Estimated Annual Demand For Nonsubsidized Single-Family Sales Housing Jackson, Michigan, HMA November 1973 - November 1975

Price	Total	Percent
Under \$20,000	110	16
\$20,000 - 22,499	80	11
22,500 - 24,999	80	11
25,000 - 27,499	70	10
27,500 - 29,999	60	9
30,000 - 32,499	60	9
32,500 - 34,999	50	7
35,000 - 37,499	50	7
37,500 - 39,999	50	7
40,000 - 44,999	50	7
45,000 - over	40	6
10,000	700	100

Multifamily Units

The 250 apartment units would be best absorbed if they were in the following rental ranges:

Estimated Annual Demand For Nonsubsidized Rental Housing Jackson, Michigan, HMA November 1973 - November 1975

Gross Monthly Rent	Efficiency	1BR	2BR	3BR
Under 170	10	_	-	-
\$170 - 179	5	-	-	-
180 - 189	5	-	-	-
190 - 199	-	70	-	-
200 - 209	-	30	-	-
210 - 219	_	5	80	-
220 - 229	-	-	20	-
230 - 239	-	-	5	-
240 - 249		-	-	-
250 - 259	-	-	-	15
260 - over				5
	20	105	105	20

a/ Gross rent is shelter rent plus the cost of all utilities.

Market Potential for Subsidized Housing

The total occupancy potential for the Jackson HMA is estimated to be 300 units annually including 200 units for families and 100 units for the elderly. Future approvals under each program should take into account any overlapping authorizations under other programs which serve the same families and individuals.

Section 235 and 236 Housing

Since 1969, mortgage insurance has been issued for 160 (150 new, 10 existing) Section 235 and 193 Section 236 housing units.

There is an annual occupancy potential for 120 subsidized units under the Section 235/236 housing program. Of these, 90 units would accommodate families and 30 would be for the elderly. 1/2

The following three Section 236 projects currently are located in the Jackson HMA:

Jackson Home Sites	81 Units
Elaine Apartments	33 Units
Westchester Commons	112 Units
	226

Westchester Commons is partially completed with 35 units rented and the remaining 77 still under construction. With the completion of these 77 units, approximately 86 percent of the first year's potential for family occupancy will be attained.

The occupancy potentials referred to in this analysis are dependent upon the capacity of the market in view of existing vacancy strength or weakness. The successful attainment of the calculated market for subsidized housing may well depend upon construction in suitable accessible locations, as well as upon the distribution of rents and selling prices over the complete range attainable for housing under the specified programs. These estimates are not affected by the January 1973 "hold" on additional commitments for these programs; they will be applicable if funding is resumed or as a guide to local decisions with regard to the use of special revenue sharing or other alternatives for housing subsidies.

Public Housing and Rent Supplement Program

These two programs serve essentially the same low income households. The basic difference between them is the specific method employed in calculating an applicant's net income in determining eligibility.

For the two year forecast period, the estimated annual occupancy for public housing includes 110 units for families and 80 units for the elderly. With the more restrictive rent supplement program, the annual potential for families would involve 20 units and the market for the elderly would remain unchanged.

TABLE I WORK FORCE COMPONENTS JACKSON, MICHIGAN HOUSING MARKET ANALYSIS

First 10 Months

1965-1973

Annual Averages 1973 1969 1970 1968 1967 1966 1965

	1702	1900	1707			(00	55 800	70 000	K7 Q00	60,000
Total Labor Force Agricultural Empl. Non-Farm Labor Force Unemployment Percent	50,900 1,400	52,900 1,300 51,600 1,400 2.6	53,800 1,300 52,500 2,400 4.5	54,300 1,300 53,000 2,400 4.4	54,900 1,200 53,700 2,100 3.8	55,600 1,200 54,300 3,500 6.3	1,100	58,000 1,000 57,000 3,500 6.0	57,800 1,000 56,800 3,600 6.2	1,000 59,000 3,100 5.2
Total Nonfarm Empl.	47,500	50,200	50,000	50,400	51,500	50,600	49,600	53,500	53,200	55,800
Self Employed	5,200	5,100	4,900	4,700	4,500	4,500	4,400	4 ,6 00	4,600	4,600
Wage & Salary Wkrs	42,300	45,100	45,100	45,700	47,000	46,200	45,200	48,900	48,500	51,300
Manufacturing Durable Nondurable	18,300 14,900 3,400	20,200 16,800 3,300	19,400 16,400 3,000	18,600 15,600 3,000	18,900 15,900 3,100	17,300 14,300 3,000		17,000 13,800 3,200	16,900 13,700 3,100	17,800 14,500 3,300
Nonmanufacturing	18,100	19,000	19,500	20,300	20,800	21,000	21,500	23,800	23,600	25,300
Government	5,900	5,900	6,200	6,800	7,300	7,900	8,000	8,100	8,100	e,200

Michigan Employment Security Division Source:

Totals may not add due to rounding Note:

TABLE II Nonagricultural Wage and Salary Employment by Industry Jackson, Michigan Housing Market Area 1965 - 1973

First 10 Months_

Annual Averages

									rarst I	U MONTENS
	1965	1966	1967	1968	1969	1970	1971	1972	1972	1973
Wage & Salary Employment	42,300	45,100	45,100	45.700	47,000	46,200	45,200	48,900	48,500	51,300
Manufacturing	18,300	20,200	19,400	18,600	18,900	17,300	15.700	17,000	16,900	17,800
Durable Goods Metal Industries Machinery (Nonelec) Transportation Other Durables	3,100	16,800	16,400	15,600	15,900	14,300	12,600	13,800	13,700	14,500
	3,100	3,300	3,300	3,300	3,300	2,800	2,700	3,100	3,100	3,300
	3,100	3,600	4,000	4,100	4,300	3,800	3,300	3,300	3,300	3,300
	5,800	6,400	6,300	6,100	6,400	6,000	5,300	5,700	5,700	6,100
	2,900	3,600	2,800	2,100	1,900	1,700	1,400	1,600	1,600	1,800
Nondurable Goods	3,400	3,300	3,000	3,000	3,100	3,000	3,100	3,200	3,100	3,300
Food & Kindred Prod.	500	500	500	500	400	400	400	400	400	400
Other nondurables	2,800	2,800	2,500	2,200	2,700	2,600	2,700	2,800	2,700	3,000
Nonmanuracturing Construction Transportation Wholesale Retail Finance Services	18,100	19,000	19,500	20,300	20,800	21,000	21,500	23,800	23,600	25,300
	1,400	1,500	1,700	1,900	1,800	1,600	1,700	1,900	1,900	2,100
	3,600	3,800	4,000	4,100	4,200	4,200	4,100	4,200	4,200	4,200
	1,200	1,200	1,300	1,300	1,400	1,400	1,400	1,400	1,400	1,500
	6,300	6,600	6,600	6,800	6,900	6,900	6,800	7,600	7,400	8,200
	1,200	1,300	1,300	1,300	1,400	1,400	1,400	1,400	1,500	1,400
	4,400	4,600	4,600	4,900	5,000	5,500	6,100	7,200	7,100	7,900
Government	5,900	5,900	6,200	6,800	7,300	7,900	8,000	8,100	8,100	8,200
Federal	300	300	300	400	400	500	500	500	500	500
State	1,200	1,200	1,200	1,300	1,300	1,300	1,300	1,400	1,400	1,500
Local	4,300	4,400	4,700	5,100	5,800	6,100	6,200	6,200	6,200	6,300

Source: Michigan Employment Securities Division . Note: Subtotals may not add due to rounding.

TABLE III
PERCENTAGE INCOME DISTRIBUTION
Jackson, Michigan, Housing Market Area

Annual Income	1969 Family Renter(a)	1973 Family Renter (a)
		17
0 - \$1,000	1.6) 16.4	1.7 1.7
\$1,000- 1,999	2.1 2.9 6.4	2.0 6.0
2,000- 2,999	3.8 6.8	3.0 5.6
3,000- 3,999	3.6 6.2	
4,000- 4,999	4.3 7.4	3.3 5.5 3.2 5.6
5,000- 5,999 6,000- 6,999	4.3 7.0	3.6 6.2
7,000- 7,999	6.0)	4.0)
8,000- 8,999	7.5) 24.0	4.7) 19.6
9,000- 9,999	8.5)	6.0)
10,000-11,999	14.9) 19.1	13.8
12,000-14,999	17.1	17.6
15,000-24,999	18.8	24.4) 15.0
25,000-0ver	4.6) 6.7	11.0
~,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	100.0	100.0
Median:	\$10,700 \$7,000	\$12,550 \$8,200

Source: 1970 Census. 1973 estimated by Economic and Market Analysis Division.

(a) Excludes one-person renter households.

TABLE IV

POPULATION AND HOUSEHOLD TRENDS Jackson, Michigan, Housing Market Area April 1960 - November 1975

		April 1900	- November 1973		An	nual Averag	e ·
Population Trends:	April 1960	April 1970	November 1973	November 1975	1960-1970		19 73 - 1975
		1/2 20/	147,400	150,100	1,130	1,150	<u> </u>
HMA Jackson City	131,994 50,720	143,274 45,484	45,650	45,950	- 520	50	222
Remainder of County	81,274	97,790	101,750	104,150	1,650	1,100	1,200
Household Trends:							
HMA	37,520	42,261	45.500	47,600	475	900	1,050
Jackson City	16,139	14,916	15,130	15,400	-125	60	1.35
Remainder of County	21,381	27,345	30, 370	32,200	600	840	915

Source:

1970 Census of Population and Housing. 1973 and 1975 Estimated by Housing Market Analyst.

TABLE V

NEW RESIDENTIAL BUILDING ACTIVITY *

Jackson, Michigan, Housing Market Area

_	1970	1971	1972	1973 a/	Total	Annual Average
HMA Total	704	785	1.042	831	3,362	878
Jackson City Remainder of Cty	217 4 8 7	60 725	242 800	10 821	529 2 , 833	1 3 9 739
Single Family Permit	s 521	563	616	666	2,366	618
Jackson City Remainder of Cty	63 458	15 548	23 593	8 658	109 [°] 2 , 257	29 589
Multifamily Permits	183	222	426	165	996	260
Jackson City Remainder of Cty	154 29	45 177	219 207	2 163	420 576	110 150

Source: City of Jackson and Township Building Inspectors.

a/ Through October

^{*} NOTES: Building permits were authorized.

TABLE VI

HOUSING FACTORS

Jackson, Michigan, Housing Market Area April 1970 - November 1973

Tenure Characteristics	HMA Total	<u>Jackson</u>	Remainder of County				
April 1, 1970 Total Housing Inventory	45,011	15,756	29,255				
Total Occupied	42,261	14,916	27,345				
Owner Occupied % of total occupied	33 , 361 79%	9 , 665 65%	23 , 696 8 7%				
Renter Occupied % of Total Occupied	8 , 900 21 %	5 , 251 35%	3 , 649 13%				
Total Vacant	2,750	840	1,910				
November 1, 1973							
Total Housing Inventory	48,300	15,980	32,320				
Total Occupied	45,500	15,130	30, 370				
Owner Occupied % of Total Occupied	35 , 850 79%	9 , 510 63%	26,340 87%				
Renter Occupied % of Total Occupied	9 , 650 21%	5,620 37%	4,030 13%				
Total Vacant	2,800	850	1,950				

Source: 1970 U. S. Census of Housing, 1973 estimated by Housing Market Analyst.

TABLE VII

Vacancy Factors

Jackson, Michigan, Housing Market Area

April 1970 - November 1973

Vacancy Characteristics	HMA Total	Jackson	Remainder of County
April 1, 1970			
Total Vacant Units	2,750	840	1,910
Available Vacant	849	533	316
For Sale Homeowner Vacancy Rate	245 0•7%	102 1.0%	143 0.6%
For Rent Renter Vacancy Rate	604 6•4%	431 7 . 6%	173 4.5%
Other Vacant	1,901	307	1,594
November 1, 1973			
Total Vacant	2,800	850	1,950
Available Vacant	***		<u>351</u>
For Sale Homeowner Vacancy Rate	255 0•7%	102 1.1%	153 0.6%
For Rent Renter Vacancy Rate	644 6•3%	446 7•3%	198 4.7%
Other Vacant	1,901	302	1,599

Source: 1970 Census. 1973 Estimated by Housing Market Analyst.

TABLE VIII Estimated Annual Occupancy Potential For Subsidized Housing

Jackson, Michigan, Housing Market Area November 1973-November 1975

<u>Un</u>	it Size	Section 235/236 Exclusively a/	Eligible for Both Programs	Public Housing Exclusively	Total for Both Programs
A.	Families 1 Bedroom 2 Bedroom 3 Bedroom 4+Bedroom Total	10 35 20 25 90	0 0 0 0	15 50 30 15 110	25 85 50 40 200
В.	Elderly Efficiency 1 Bedroom Total	10 10 20	5 5 10	50 20 70	65 35 100

⁽a). Estimates are based on regular income limits. Source: Estimated by Housing Market Analyst.

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